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THE

Market Administrator's BULLETIN

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

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Air Pollution May Be Responsible For Off-Flavors In Dried Milks

Air in our cities may at times be so polluted that it cannot be used to dry milk without affecting the flavor, a U.S. Department of Agriculture scientist reported.

If present indications are borne out in experiments to be conducted this summer, future milk-drying plants may have to be constructed at considerable distances from areas of heavy automobile traffic. Or, milk dryers in such locations will require filters to remove air contaminants.

Scientists of USDA's Agricultural Research Service, doing experimental work on the production of skim milk powder in Washington, D.C., believe that ozone in the air used for drying is responsible for serious flavor defects they have encountered in making the product during the summer months.

"Consistent appearance of the off-flavors during the hot weather made us suspect that contamination of the air with ozone might be responsible," ARS chemist, F.E. Kurtz, of the Eastern utilization research laboratory in Washington, told a meeting of the American Dairy Science Association in Columbus, Ohio. He explained that the combined action of

sunlight and heat on automobile exhaust fumes can result in the conversion of considerable quantities of these products to ozone.

This seemed a likely source of the off-flavors encountered, since the Washington laboratory is located in a heavy-traffic section of the city. But when the theory was first proposed last fall, the hot weather was over, and satisfactory dried milks were again being produced. To test out the theory, Dr. Kurtz said the scientists intentionally contaminated with ozone the air they were using for drying milk. They found that ozone concentrations as low as 30 to 50 parts per billion—well within the ozone levels that have been reported for polluted city air—were sufficient to produce off-flavors in the dried milks.

Final proof of the theory must await tests to be made this summer when the dryer air will be subjected to analyses for ozone and other contaminants. If, as expected, the levels are high and the same off-flavors reappear, this will establish that dairy products cannot be dried without flavor change where the air pollution is high.

Cash Receipts Up In 1967

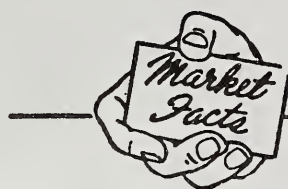
The Dairy Situation, Economic Research Service
USDA, May, 1968

Cash receipts from farm marketings of milk and cream reached \$5.8 billion in 1967. This was about 4 percent above 1966 and 15 percent higher than in 1965. The rise in average milk prices in 1967 more than offset a slight decline in milk and cream marketings. Prospects for 1968 are that average milk prices will rise about 5 percent and marketings will decline little. Therefore, a further gain of 4 to 5 percent in cash receipts from farm sales of milk and cream is probable this year.

Average returns per 100 pounds of milk sold in all forms rose to \$5.06 in 1967 from \$4.84 in 1966. Prices averaged \$5.02 per 100 pounds for milk sold to plants and dealers; 66.2 cents per pound for butterfat sold in farm-separated cream; and 24.0 cents per quart for milk retailed by farmers to consumers.

Despite lower marketings in some areas, cash receipts in 1967 increased from a year earlier in all regions because of higher prices. Gains ranged from 11 percent in the Southeast region to 1 percent in the Corn Belt States.

Farmers' cash receipts from sales of milk and cream during the first quarter of 1968 were up an estimated 1 percent from a year earlier. Higher milk prices more than offset the decline in milk marketings.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	June 1968	May 1968	June 1967
Producers' Uniform Price (3.5%)	\$4.95	\$5.05	\$4.80
Class I (3.5%)	5.78	5.78	5.60
Class II (3.5%)	4.16	4.11	3.91
Producer Butterfat Differential for each one-tenth percent	7.8¢	7.8¢	8.9¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	63.7	70.0	67.0
Percent of Producer Butterfat in Class I	58.7	64.0	64.9
Percent of Producer Milk in Class II	36.3	30.0	33.0
Percent of Producer Butterfat in Class II	41.3	36.0	35.1

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	49,128,072	53,007,854	47,489,111
Average Daily Class I Producer Milk	1,052,610	1,205,409	1,072,274
Total Number of Producers	1,631	1,590	1,544
Average Daily Receipts per Producer	1,004	1,076	1,013
Average Butterfat Test	3.62	3.68	3.57
Total Value of Producer Milk at Test	\$2,592,277	\$2,880,433	\$2,416,729
Income per Producer (7 Day Average)	\$370	\$409	\$360

GROSS CLASS USE (Pounds)

Class I Skim	30,272,438	35,869,958	30,730,161
Class I Butterfat	1,043,254	1,250,733	1,072,274
Class I Milk	31,315,692	37,120,691	31,829,787
Class II Skim	17,079,116	15,184,854	15,064,114
Class II Butterfat	733,264	702,309	595,210
Class II Milk	17,812,380	15,887,163	15,659,324

AVERAGE DAILY SALES (Quarts)

Milk	348,338	399,008	378,366
Buttermilk	5,823	5,523	6,396
Chocolate	16,504	31,367	18,881
Skim	16,427	16,918	10,921
Cream	5,990	6,280	6,492

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



JUNE, 1959 - '68

Year	Receipts From Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	29,782,303	3.64	69.8	7.9	4.0	18.3	3.62	4.307	3.907	3.493	2.873	1,760	564
1960	29,844,239	3.69	68.3	7.5	3.3	20.9	3.53	4.208	3.808	3.492	2.886	1,657	600
1961	31,252,379	3.62	64.1	7.7	3.7	24.5	3.68	4.363	3.963	—	3.160	1,242	839
1962	34,859,645	3.61	64.4	8.0	4.6	23.0	3.45	4.12	3.769	3.780	2.932	1,313	885
1963	38,916,958	3.59	67.1	7.1	5.2	20.6	3.54	4.18	3.803	3.552	2.991	1,671	953
1964	49,000,295	3.58	65.9	34.1	—	—	3.55	4.17	3.11	3.611	—	1,361	976
1965	46,611,260	3.50	70.4	29.6	—	—	3.91	4.57	3.16	—	—	1,661	935
1966	47,313,818	3.56	67.5	32.5	—	—	4.45	5.18	3.67	—	—	1,546	1,020
1967	47,489,111	3.57	67.0	33.0	—	—	4.80	5.60	3.91	—	—	1,544	1,013
1968	49,128,072	3.62	63.7	36.3	—	—	4.95	5.78	4.16	—	—	1,631	1,004

USDA Food Donations Up Nearly Twenty Percent First Nine Months of Fiscal 1968

The Dairy Situation, Economic Research Service USDA, May, 1968

Domestic food donations by the U.S. Department of Agriculture to improve diets of school children, needy families, and needy persons in charitable institutions totaled nearly 1.4 billion pounds for the first 9 months (July 1967-March 1968) of this fiscal year, nearly 20 percent more than during the same period a year earlier.

Schools received more than 713 million pounds of donated food during this 9-month period. And schools taking part in USDA's National School Lunch Program received an additional 206.3 million pounds through special purchases made by USDA's Consumer and Marketing Service. The 713 million pounds is an increase of nearly 44 percent from the same period a year earlier. Among the reasons for USDA's increasing food donations to schools are these: Enrollments in elementary schools and high schools have been increasing steadily and costs of serving school lunches have increased.

Food donations to the States for distribution to needy persons in family units came to more than 537 million pounds. In March, 3.5 million persons received food donations. Another 2.4 million benefited from USDA's

Food Stamp Program. Thus, 5.9 million of the Nation's needy in family units got Federal food assistance at the end of the third quarter of this fiscal year.

USDA food donations for the 9 months to help feed needy adults and children in charitable institutions and children in nonprofit summer camps came to nearly 107 million pounds, an increase of 6.9 percent over the same period a year earlier.

One or more of USDA's food donation programs, carried out through State and local governments, operated in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific during the first 9 months of fiscal 1968. Needy families in parts of 47 States, 3 territories, and 25 Indian reservations, got USDA-donated food during that period.

The U.S. Department of Agriculture acquires food, suitably processed and packaged, and ships it to the States and territories for use in their school lunch, needy family, and other food-aid programs. Any donated food in these distribution channels may be diverted for immediate use to aid victims of natural disasters.

Manufacturing Milk Use

The Dairy Situation, Economic Research Service
USDA July, 1968

During January-May 1968 milk used for manufactured dairy products was about 1 percent below a year earlier on a daily average basis, although use was up slightly during April and May. Based on weekly butter and cheese production, June supplies of milk for manufacturing were somewhat below last June.

Prospective larger farm milk marketings and smaller fluid whole milk sales may bring supplies for manufacturing above year-earlier levels in the third quarter of this year.

Butter production was down 4 percent from a year earlier during January-May 1968, and continued lower during the first 3 weeks of June. Some of the decline can be attributed to this year's sharp drop in imported butterfat-sugar mixtures. In 1967 these imports—now restricted—caused the diversion of large quantities of domestic milkfat from ice cream and other products into butter. Output of butter during the third quarter likely will continue less than a year earlier. Reflecting smaller supplies of milk, this year's January-May nonfat dry milk production was down about 2 percent from last year.

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Milk Cow Prices Rise

The Dairy Situation, Economic Research Service
USDA, May, 1968

Prices of milk cows continued to strengthen in 1967 and in early 1968. They averaged \$266 per head in the first quarter of 1968. This was 4 percent above a year earlier, the highest level on record. The current outlook for slaughter cattle prices is above a year earlier, and higher average milk prices in 1968 indicate stronger milk cow prices than a year earlier for the remainder of this year.

The value of dairy cows to farmers is largely determined by potential income from milk sales. Prospective returns from the sale of the animal for slaughter are also a strong factor. In recent years, the carcass value (based on prices of slaughter stock) has accounted for two-thirds or more of the selling price of milk cows. These are average figures. For exceptionally good milk producers or purebred stock, the value of prospective calves is an additional price determinant.

The difference between the slaughter value and the milk cow price provides an indication of farmers' anticipated income from milk sales. This difference has been above a year earlier since late in 1966. In the first quarter of 1968 it averaged \$86, about 10 percent above a year earlier. Gains in milk cow prices since 1966 have been due partly to increased slaughter prices and partly to increased income from milk sales.

Market Quotations

JUNE
1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.18
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	4.16
Average Price per lb. 92-score butter at Chicago	.6644
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.2254

Manufactured Products Output Drops

The Dairy Situation, Economic Research Service USDA, May, 1968

On a daily average basis, first quarter 1968 output of manufactured dairy products (milk equivalent) was down about 2 percent from a year earlier. This decline was due to lower milk production and reduced imports of dairy ingredients. Lower expected second quarter production and imports will result in decreased output of processed dairy products. Most of the changes in available milk supplies have been reflected in a smaller use of milk for butter and its byproducts and for American cheese. Production of other products, such as evaporated milk, cheese, and frozen products, is usually geared to commercial demand.

In the first quarter 1968, butter output fell 4 percent from a year earlier. Production of American cheese was down 3 percent.

Also below a year earlier was first quarter output of evaporated milk

and nonfat dry milk. The decline in nonfat dry milk output was associated with lower butter production, since butter and nonfat dry milk are usually jointly-produced products in major production areas. Other cheese and frozen product output was up from the first quarter 1967.

Output of factory products in 1967 accounted for 60.5 billion pounds of milk equivalent, 4.5 percent above 1966. Despite 0.3 billion pounds lower farm marketings of milk and cream, milk used in manufactured dairy products increased because fluid milk and cream sales and other utilization decreased in 1967. Anticipated lower milk and dairy ingredient supplies this year, accompanied by a leveling-off of the decline in fluid milk and cream sales, may cause less milk to move into manufactured dairy products—primarily butter—than in 1967.